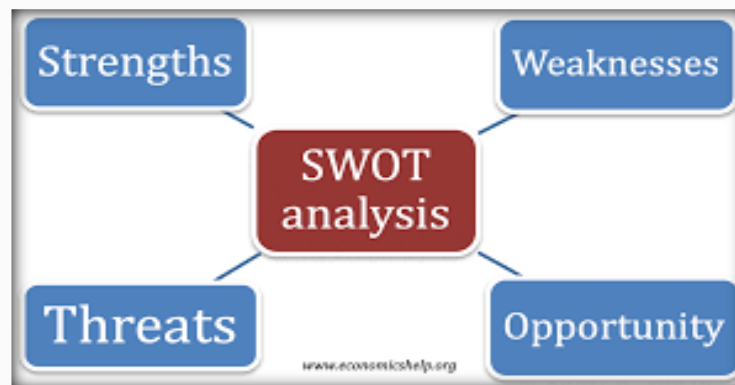


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Subject: Management Principles and Application.
Topic: SWOT Analysis.

SWOT ANALYSIS.

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and so a SWOT Analysis is a technique for assessing these four aspects of our business.



We can use SWOT Analysis to make the most of what we have got, to our organization's best advantage. And we can reduce the chances of failure, by understanding what we are lacking, and eliminating hazards that would otherwise catch us unawares.

We can approach a SWOT Analysis in two ways: to get people together to "kick off" strategy formulation informally, or as a more sophisticated and formal tool.

In either case, gather a team from a range of functions and levels in our organization. Use **Brainstorming** techniques to build a list of ideas about where our organization currently stands. Every time we identify a Strength, Weakness, Opportunity, or Threat, write it down in the relevant part of the grid.

To clarify which section an idea belongs to, it may be useful to think of Strengths and Weaknesses as internal factors – that is, to do with the organization, its assets, processes, and people. Think of Opportunities and Threats as external factors, arising from our market, our competition, and the wider economy.

Let's look at each area in more detail and consider what questions we could ask as part of our analysis.

Strengths

Strengths are things that our organization does particularly well, or in a way that distinguishes us from our competitors. Think about the advantages our organization has over other organizations. These might be the motivation of our staff, access to certain materials, or a strong set of manufacturing processes.

Our strengths are an integral part of our organization, so think about what makes it "tick." What do we do better than anyone else? What values drive our business? What unique or lowest-cost resources can we draw upon that others can't? Identify and analyze our organization's **Unique Selling Proposition** (USP), and add this to the Strengths section. Then turn our perspective around and ask ourselves what our competitors might see as our strengths. What factors mean that we get the sale ahead of them?

Remember, any aspect of our organization is only strength if it brings us a clear advantage. For example, if all of our competitors provide high-quality products, then a high-quality production process is not strength in our market: it's a necessity.

Weaknesses

Now it's time to consider our organization's weaknesses. Be honest! A SWOT Analysis will only be valuable if we gather all the information we need. So, it's best to be realistic now, and face any unpleasant truths as soon as possible. Weaknesses, like strengths, are inherent features of our organization, so focus on our people, resources, systems, and procedures. Think about what we could improve, and the sorts of practices we should avoid.

Once again, imagine (or find out) how other people in our market see we. Do they notice weaknesses that we tend to be blind to? Take time to examine how and why our competitors are doing better than we. What are we lacking?

Opportunities

Opportunities are openings or chances for something positive to happen, but we'll need to claim them for ourselves! They usually arise from situations outside our organization, and require an eye to what might happen in the future. They might arise as developments in the market we serve, or in the technology we use. Being able to spot and exploit opportunities can make a huge difference to our organization's ability to compete and take the lead in our market.

Think about good opportunities we can spot immediately. These don't need to be game-changers: even small advantages can increase our organization's competitiveness. What interesting market trends are we aware of, large or small, which could have an impact? We should also watch out for changes in government policy related to our field. And changes in social patterns, population profiles, and lifestyles can all throw up interesting opportunities.

Threats

Threats include anything that can negatively affect our business from the outside, such as supply chain problems, shifts in market requirements, or a shortage of recruits. It's vital to anticipate threats and to take action against them before we become a victim of them and our growth stalls.

Think about the obstacles we face in getting our product to market and selling. We may notice that quality standards or specifications for our products are changing, and that we'll need to change those products if we're to stay in the lead. Evolving technology is an ever-present threat, as well as an opportunity!

Always consider what our competitors are doing, and whether we should be changing our organization's emphasis to meet the challenge. But remember that what they're doing might not be the right thing for us to do, and avoid copying them without knowing how it will improve our position. Be sure to explore whether our organization is especially exposed to external challenges. Do we have bad debt or cash-flow problems, for example, that could make us vulnerable to even small changes in our market? This is the kind of threat that can seriously damage our business, so be alert.

Conclusion:

If we've ever worked in a corporate office environment, we may have come across the term "SWOT analysis." This has nothing to do with evaluating militarized law enforcement response units, and everything to do with taking a long, hard look at our company.

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none">• Things your company does well• Qualities that separate you from your competitors• Internal resources such as skilled, knowledgeable staff• Tangible assets such as intellectual property, capital, proprietary technologies etc.	<ul style="list-style-type: none">• Things your company lacks• Things your competitors do better than you• Resource limitations• Unclear unique selling proposition	<ul style="list-style-type: none">• Underserved markets for specific products• Few competitors in your area• Emerging need for your products or services• Press/media coverage of your company	<ul style="list-style-type: none">• Emerging competitors• Changing regulatory environment• Negative press/media coverage• Changing customer attitudes toward your company

WordStream

<p>Strength (S)</p> <p>A distinctive competence? Well-thought-of by stakeholders? An acknowledged academic leader? Well conceived operational strategies? Location advantages? Insulated from competitive pressures? Proprietary technology? Adequate financial resources? Access to economies of scale? Cost advantages? Product innovation abilities? Proven Management? Other?</p>	<p>Weakness (W)</p> <p>No clear strategic direction Obsolete facilities? Weak image? Falling behind in R&D? Too narrow ranges of courses offered? Lack of managerial depth and talent? Missing any essential skills or competencies? Poor track record? Plagued with internal operating problems? Vulnerable to competitive pressures? Competitive disadvantages? Below-average marketing skills? Unable to finance needed changes in strategy? Other?</p>
<p>Opportunities (O)</p> <p>Serve additional customer groups? Enter new market or segments? Expand courses to meet broader range of customer needs? Diversify into related courses or services? Add complementary courses or services? Vertical integration? Ability to move to better strategic group? Complacency among other institutions? Faster market growth Other?</p>	<p>Threats (T)</p> <p>Likely entry of new competitors? Growing of substitute courses? Slower student growth? Adverse government policies? Growing competitive pressures? Vulnerability to recession and business cycle? Growing bargaining power of customers or suppliers? Changing stakeholder needs and tastes? Adverse demographic changes? Other?</p>